

Committee on Ways and Means

Stock Market Closes at Record High; Investors Show Confidence in U.S.

Stock market reaches all time high

On October 3rd, the Dow Jones Industrial Average closed at 11,727, its highest level ever, demonstrating the confidence that investors have in the American economy. The record setting stock market is another link in the growing chain of strong economic data.

- Business investment has grown 6.8 percent in the last four quarters as firms were creating jobs (1.7 million in the last year) and building capital for the future.

GDP numbers show strong growth

- Average real growth in the first half of 2006 was a very strong 4.1 percent, well above the historical average.

Three years of robust growth in federal tax revenues, despite lower tax rates

- A booming economy has flooded the federal Treasury after the 2001 and 2003 tax relief. Total Federal tax receipts grew 5.5 percent in 2004 and 14.6 percent in 2005. Total tax receipts grew 11.7 percent through the first 11 months of FY2006.
- The Treasury Department has collected \$2.1 trillion in taxes in the first 11 months of FY2006, \$532 billion more than the same period of FY2003 when tax rates were higher.
- The Treasury Department took in \$85.8 billion on September 15th, the largest one day collection in history.

Gas prices dropped for seven weeks in a row

- The national average price for a gallon of regular gasoline is \$2.36, down 64 cents from the beginning of August.
- Americans spent 4.2 percent of their income on motor fuel in 2005, less than they spent on eating out (6 percent).

